

State of Alaska FY2008 Governor's Operating Budget

Department of Transportation/Public Facilities Administration and Support Results Delivery Unit Budget Summary

Administration and Support Results Delivery Unit

Contribution to Department's Mission

Provide executive leadership, coordination with other governmental agencies, and assurance of program management within legal guidelines.

Core Services

The Department of Transportation and Public Facilities (DOT&PF) is statutorily responsible for the planning, design, construction, maintenance, and operations of transportation facilities and buildings. We strive to achieve a balance between steady planned growth in the intermodal transportation system, which supports economic development and improved quality of life, and the effective management of maintenance and operations for the state's existing investment in transportation and public facilities infrastructure. This RDU contains the highest level of leadership necessary to ensure the department meets its statutory responsibilities.

The Contracting and Appeals Section develops, implements, and maintains policies, procedures, and standards that assure all transportation modes and regions receive responsive and consistent guidance, direction and training in administering all procurements and contracts.

Internal Review is an independent section that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the Department is meeting its statutory requirements and achieving its objectives.

The Office of Equal Employment and Civil Rights is responsible for 3 affirmative action programs Disadvantaged Business Enterprises (DBE), External Equal Employment Opportunity (ExEEO), and On-The-Job training (OJT) which provide opportunities that otherwise would not normally exist within the construction arena. These programs apply to contractors and subcontractors working on US Department of Transportation (USDOT)-assisted projects. It also oversees 2 non-discrimination programs (Title VI of the Civil Rights Act of 1964 & Americans with Disabilities Act of 1990 [ADA]) which ensure equal treatment by the Department with respect to its dealings with the public in all phases of operation.

The Transportation Management and Security Section coordinates operations, including fleet management, highway and aviation maintenance, safety, security, and provides oversight of those areas for department management. The section also coordinates major maintenance projects and determines priority of statewide maintenance projects.

End Results	Strategies to Achieve Results
<p>A: Elimination and prevention of discrimination based on race, religion, gender, age, marital status, ability or national origin in federally assisted programs.</p> <p><u>Target #1:</u> Reduce by 5% the number of contractor non-compliance items.</p> <p><u>Measure #1:</u> The number of occurrences of contractor non-compliance items.</p>	<p>A1: To promote equal opportunity compliance in employment and contracting with disadvantaged business enterprises in Federal-aid highway contracts.</p> <p><u>Target #1:</u> Increase the number of highway construction contractors reviewed for compliance with federal equal opportunity regulations by 15 %.</p> <p><u>Measure #1:</u> Percentage change of construction contractors reviewed for compliance with federal equal opportunity regulations over previous federal fiscal year.</p> <p><u>Target #2:</u> Increase the number of on-the- job (OJT) trainees on highway projects by 5% per fiscal year.</p> <p><u>Measure #2:</u> Percentage change in OJT trainees participating in highway projects from previous fiscal year.</p>

End Results	Strategies to Achieve Results
B: Maximize federal design and construction funding and compliance with federal requirements. <u>Target #1:</u> 5% reduction in difference between rates proposed by firms and audited overhead rates for consulting engineering firms and utility companies. <u>Measure #1:</u> Comparison of proposed rates by firms to audited overhead rates for consultants and utility companies.	B1: Prepare and issue timely audit reports. <u>Target #1:</u> Reduce by 5% the number of days between start of field work and issuance of all overhead rate audits. <u>Measure #1:</u> Percent change in the number of days between start of audit field work and audit report issuance.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Review of highway construction contractors (external equal employment, disadvantaged business participation, on the job training) Communication about EEO requirements to contractors & prospective contractors Training and working document assistance to highway contractors, DBE firms Engineering consultant pre-award overhead rate audits Utility company rate audits 	<ul style="list-style-type: none"> Concessionaire audits Additional training and material support for OJT trainees on highway projects Centralization of the State Equipment Fleet to reduce costs Implementation of a training and certification program for equipment operators

FY2008 Resources Allocated to Achieve Results	
FY2008 Results Delivery Unit Budget: \$6,498,200	Personnel: Full time 52 Part time 1 <hr/> Total 53

Performance Measure Detail

A: Result - Elimination and prevention of discrimination based on race, religion, gender, age, marital status, ability or national origin in federally assisted programs.

Target #1: Reduce by 5% the number of contractor non-compliance items.

Measure #1: The number of occurrences of contractor non-compliance items.

Number of occurrences of contractor non-compliance items

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2004	0	3	1	0	4
FY 2005	0	1	0	2	3
FY 2006	0	0	2	0	2

Analysis of results and challenges: To receive federal highway funding assistance, the department must annually assure and provide proof to the Federal Highway Administration (FHWA) that it meets federal equal employment provisions on its highway projects. The department's assurance, and 49 CFR 21, requires the department to administer a highway construction program that is free of discrimination based on race, gender, religion, age, disability, color, or national origin. 23 CFR 200 and 23 CFR 230.111 and .401 through .415

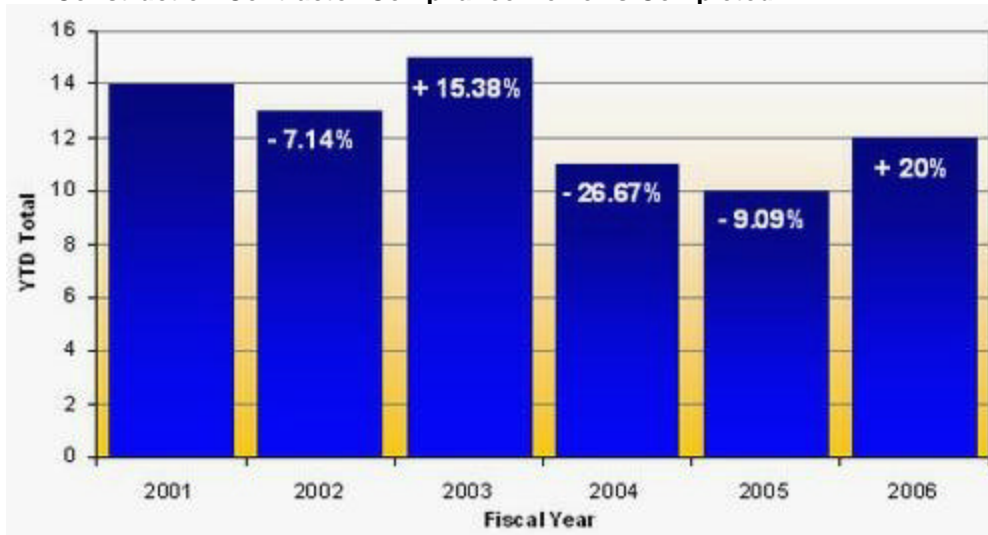
requires the department to regularly review contractors for equal employment, affirmative action and training in their employment practices. Failure to conduct these reviews will result in a finding of noncompliance by FHWA and the loss of federal assistance for highway projects for Alaska. This is a state fiscal year measurement.

A1: Strategy - To promote equal opportunity compliance in employment and contracting with disadvantaged business enterprises in Federal-aid highway contracts.

Target #1: Increase the number of highway construction contractors reviewed for compliance with federal equal opportunity regulations by 15 %.

Measure #1: Percentage change of construction contractors reviewed for compliance with federal equal opportunity regulations over previous federal fiscal year.

Construction Contractor Compliance Reviews Completed

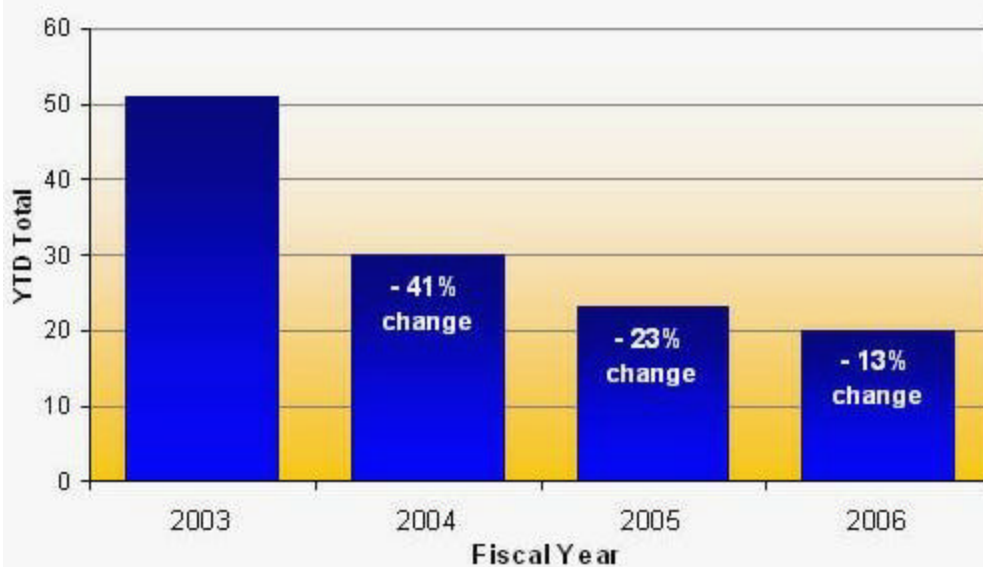


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Target #2: Increase the number of on-the-job (OJT) trainees on highway projects by 5% per fiscal year.

Measure #2: Percentage change in OJT trainees participating in highway projects from previous fiscal year.

Number of OJT Trainees Participating in Highway Projects



Analysis of results and challenges: To receive federal highway funding assistance, the department must annually assure and provide proof to the Federal Highway Administration (FHWA) that it meets federal equal employment provisions on its highway projects. The department's assurance, and 49 CFR 21, requires the department to administer a highway construction program that is free of discrimination based on race, gender, religion, age, disability, color, or national origin. 23 CFR 200 and 23 CFR 230.111 and .401 through .415 requires the department to regularly review contractors for equal employment, affirmative action and training in their employment practices. Failure to conduct these reviews will result in a finding of noncompliance by FHWA and the loss of federal assistance for highway projects for Alaska. The dwindling construction workforce in Alaska and Nationally, makes it imperative that some type of effort is made to provide incentives to contractors to develop a younger workforce. The OJT program is directed towards women and minorities that are under-represented in the workforce. The OJT program accomplishes both the affirmative action goals as well as the workforce development goals.

At the beginning of each calendar year training goals are set by all three regions for projects. For 2006 we achieved 20 trainees for the year. We began this measure with the idea that between the goals set by our regional staff and the exodus from the construction workforce due to retirements, there would be an increase in trainees. What we are seeing is a reduction, we believe is due to inconsistent goal setting from region to region and the apparent fact that some contractors will not train replacement workforce without a requirement to do so. For fiscal year 2007 we are reviewing the methodologies used by regional staff to set OJT goals to ensure it follows federal guidance and is consistent statewide. We are also reviewing the project expected to be delivered in 2007 – another apparent problem is that our goals are too optimistic and are set on projects that may not be delivered in the year they are set. We expect to see a significant change for fiscal year 2007.

B: Result - Maximize federal design and construction funding and compliance with federal requirements.

Target #1: 5% reduction in difference between rates proposed by firms and audited overhead rates for consulting engineering firms and utility companies.

Measure #1: Comparison of proposed rates by firms to audited overhead rates for consultants and utility companies.

Percentage difference between proposed rates by firms and final audited overhead rates for consultants and utility companies by quarter by fiscal year.

Fiscal	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	Percent
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Year						Change
FY 2004	2.5%	9.3%	7.1%	5.6%	5.6%	
FY 2005	8.4%	10.1%	-1.1%	6.7%	7.4%	1.8%
FY 2006	7.0%	9.4%	4.8%	14.7%	8.6%	1.2%

YTD Total represents the annual average.

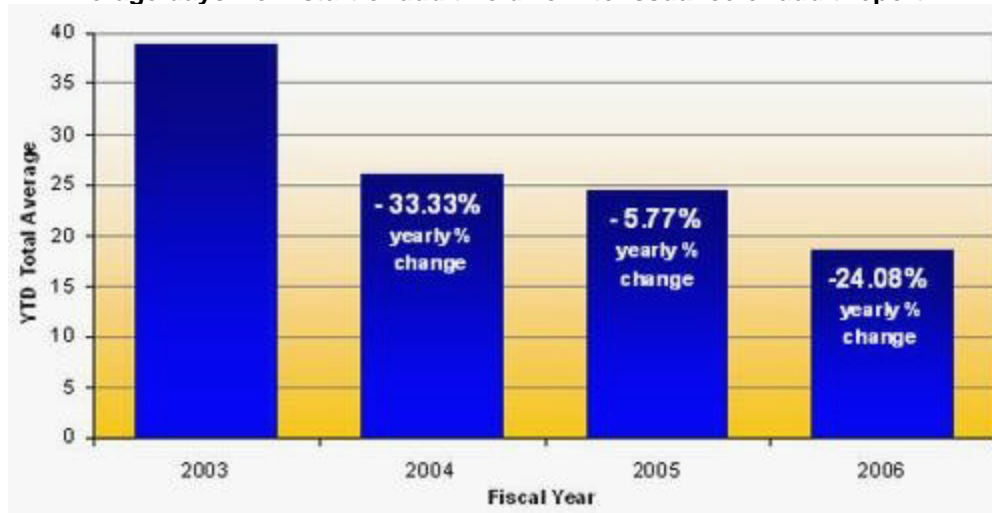
Analysis of results and challenges: Data is beginning to be collected and will be available to track the difference between proposed and audited overhead rates for consultants and utility companies. As the proposed rates become closer to audited rates it is an indication the companies have a better understanding of federal eligibility requirements and have eliminated ineligible costs prior to audit analysis which will assist in reducing the time required to perform audits and insure maximization of federal receipts for design and construction.

B1: Strategy - Prepare and issue timely audit reports.

Target #1: Reduce by 5% the number of days between start of field work and issuance of all overhead rate audits.

Measure #1: Percent change in the number of days between start of audit field work and audit report issuance.

Average days from start of audit fieldwork to issuance of audit report



Analysis of results and challenges: Data is collected to identify the average number of days between the start of audit field work and issuance of audit report. This will allow tracking from year to year. The sooner the audits are completed, the sooner the contracts with audited overhead rates can be put in place or amended with current rate information. The audits are also important as they cover the acceptability of the firms' accounting system and attests that the costs included in their overhead rates comply with all federal requirements. We also spot check charges on ongoing work to ensure billings are accurate and meet federal requirements. During FY2006 Internal Review received 92 requests for overhead rate audits and completed all of them. Average time to conduct an audit has shown a reduction over the prior year and is an indication that we are becoming more timely in the issuance of audit reports which are used to assist management in setting up timely contracts for performance work by outside firms.

Key RDU Challenges

- Key issues in the department are the certainty and timing of adequate funding levels to meet the transportation needs of Alaskans, the department's capability to get projects obligated in a timely manner and the proper allocation of federal construction funds; compliance with federal environmental requirements; growth and redevelopment of the Anchorage and Fairbanks International Airports and changes in the composition and service levels of the Alaska Marine Highway System. Leadership is needed to meet the challenge to maintain a positive and productive work environment, facilitate meaningful human resources development and ensure high levels of responsiveness to the general public.
- Protecting Alaska's investment in its transportation infrastructure continues to be a key concern. Deferred maintenance needs continue to increase at state facilities due to lack of capital funding and fewer available operating resources for vital preventative and routine maintenance tasks. Lack of adequate funding over much of the previous

decade has limited the extent of preventative maintenance program resulting in continuing deterioration of the existing highway and airport systems. Increased traffic volumes and truck weights are causing increased deterioration and driving up maintenance costs. The steadily increasing cost of materials, equipment, parts and fuel is reducing the amount of funds to address general maintenance activities such as ditching, brush cutting and sign replacement. New environmental regulations and restrictions require costlier practices and significantly constrained timelines for repairs. Adequate and stable funding is mandatory to properly maintain our infrastructure and provide a suitable level of service to the public.

The high cost of commodities including petroleum, petroleum-based products, steel, and cement is contributing to the increasing cost of procuring and operating equipment.

- The Federal Aviation Administration has instituted new safety requirements for turbo jet aircraft that require them to land on airports only when the braking action is fair or better. This will require rural certificated airports to expend more time, equipment and sand and anti-icing agents to prepare the runways to meet this higher standard for all Alaska Airlines jets.

- Security of all transportation assets is still a main focus following the events of September 11, 2001 and continuing international terrorism events. Continued communication and coordination with local, state and federal law enforcement is essential to respond to terrorist actions as well as natural disasters. Federal security regulations continue to evolve for the airports, marine highway terminals and vessels, and other surface infrastructure including tunnels and bridges. The Commissioner's Office must keep abreast of the new requirements for all the modal functions and be able to direct resources to the changing priorities.

The Disadvantaged Business Enterprise (DBE) program continues to ensure that DBE firms are given an equal

- opportunity for work on construction projects. Due to recent legal challenges in Washington state against their DOT's DBE program implementation and the resulting US 9th Circuit Court decision (Western States Paving Decision) the department will undertake a disparity study to determine the level and extent that discrimination exists in the design and construction of federal assisted highways, airports and transit facilities. The department was given guidance by US DOT to discontinue DBE Project goals and implement a race neutral DBE program until a disparity study is completed. This study is anticipated to be complete by this time next year. The department will use the study to determine if a race neutral DBE program continues to be the method of implementing the DBE program.

Significant Changes in Results to be Delivered in FY2008

Funding is needed to continue the newly established heavy equipment operator training program. A staff trainer will monitor the success of the training and direct the in-house trainers as new employees and remedial training is needed. A better trained workforce of equipment operators will result in reduced accidents and vehicle repair costs. Management of Highways and Aviation (H&A) and Facilities operations will be better informed through expanded use of the Maintenance Management System (MMS) and have greater ability to plan and track specific work activities.

Major RDU Accomplishments in 2006

Connect Anchorage Initiative. DOT&PF and the Municipality of Anchorage signed a memorandum of agreement to

- jointly fund and construct "congestion busting" projects – the center piece of which is the highway to highway connection between the Seward and Glenn Highways.

Alaska Canada Rail Link. Alaska with cooperation of the Yukon Territorial Government and the government of British

- Columbia conducted an economic feasibility study of an Alaska Canada Rail Link that indicates that projected benefits are greater than the cost such as increased economic development, reduced transportation costs, alternative transportation corridors, increased port access, connection to manufacturing as well as population centers in the U.S. and Canada.

The Maintenance Management System for Highways and Aviation (H&A) is deployed and all foremen are inputting

- daily work reports. A contractor conducted a quality assurance inspection of representative sample areas of the highway system and scored the condition of various features of the roadway and roadside. The net result is a report card on the condition of the state highway system.

Completed 92 consultant engineering overhead rate audits, 19 utility company rate audits, 17 cost allocation plan

- reviews, 11 special reviews, and 13 final audits to assure rates and other charges under contracts with the department are supportable and meet federal requirements.

Continued a workplace safety inspection program with Department of Labor and Workplace Development.

- Inspectors from both departments visited various stations and found minor safety discrepancies that were immediately corrected.

Installed new radios in H&A vehicles from Homer to Fairbanks to operate on the now functioning Alaska Land Mobile

- Radio system. This system proved invaluable during the fall floods in the Mat-Su and Prince William Sound areas.

The trunking system allowed communications between headquarters in Juneau, Anchorage and Fairbanks with the on site incident commanders.

Fully implemented the Civil Rights Office newsletter and the Annual Unified Certification Program meeting. This

- fulfills our DBE supportive service obligations under our Federal Highway Administration (FHWA) funding agreement. The annual meeting resulted in a cooperative effort to hold annual DBE goal meetings jointly, collectively reducing costs.

Completed the first departmental reviews under Title VI of the Civil Rights Act of 1964. The Environmental sections

- of all three regions were reviewed for compliance and recommendations made for improving department outreach efforts.

Contact Information

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Administration and Support RDU Financial Summary by Component

All dollars shown in thousands

	FY2006 Actuals				FY2007 Management Plan				FY2008 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula												
Expenditures												
None.												
Non-Formula												
Expenditures												
Commissioner's Office	666.9	170.0	770.1	1,607.0	667.0	170.0	771.3	1,608.3	816.8	170.0	790.1	1,776.9
Contracting and Appeals	166.7	0.0	379.6	546.3	367.0	0.0	1,025.8	1,392.8	530.8	0.0	1,032.0	1,562.8
EE/Civil Rights	235.1	0.0	579.1	814.2	251.1	0.0	626.1	877.2	337.4	0.0	651.2	988.6
Internal Review	48.2	0.0	693.8	742.0	49.5	0.0	846.9	896.4	259.9	0.0	860.1	1,120.0
Transportation Mgmt & Security	370.0	0.0	458.0	828.0	431.0	0.0	503.3	934.3	517.8	0.0	532.1	1,049.9
Totals	1,486.9	170.0	2,880.6	4,537.5	1,765.6	170.0	3,773.4	5,709.0	2,462.7	170.0	3,865.5	6,498.2

Administration and Support
Summary of RDU Budget Changes by Component
From FY2007 Management Plan to FY2008 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	1,765.6	170.0	3,773.4	5,709.0
Adjustments which will continue current level of service:				
-Commissioner's Office	59.0	-170.0	-57.4	-168.4
-Contracting and Appeals	114.9	0.0	-114.9	0.0
-EE/Civil Rights	52.5	0.0	-52.5	0.0
-Internal Review	109.5	0.0	-109.5	0.0
-Transportation Mgmt & Security	21.3	0.0	-26.2	-4.9
Proposed budget increases:				
-Commissioner's Office	90.8	170.0	76.2	337.0
-Contracting and Appeals	48.9	0.0	121.1	170.0
-EE/Civil Rights	33.8	0.0	77.6	111.4
-Internal Review	100.9	0.0	122.7	223.6
-Transportation Mgmt & Security	65.5	0.0	55.0	120.5
FY2008 Governor	2,462.7	170.0	3,865.5	6,498.2